

31 March 2023

Mila Resources Plc
(“Mila” or “the Company”)
Interim Results

Mila Resources Plc, a London listed natural resources company, is pleased to present its interim results for the six-month period ended 31 December 2022.

Chairman Statement

I am pleased to present Mila Resources’ unaudited interim results for the six-month period ended 31 December 2022.

During this period we continued with our exploration efforts at the Kathleen Valley Gold Project (“Kathleen Valley” or “the Project”). Mila Resources re-listed on the London Stock Exchange in November 2021 following the acquisition of 30% of Kathleen Valley with the option to acquire an additional 50% interest in two further tranches.

Our primary objective on acquiring the Project was to drill in order to increase the resource inventory of 21,000oz to reach a resource that was sufficiently economic. The location benefits from an abundance of gold plants and infrastructure, thereby potentially giving Mila a route to early cash flow without the associated capital expenditure of building plants and infrastructure.

Our initial phase 1 exploration and drilling programme comprised up to 11,000m drilling to test the Coffey deposit and follow up on the work of the vendor of the Project. This phase delivered encouraging results, including 6.6m at almost 15 grams gold and 22 grams silver and 10m at 8.38 grams gold and almost 14 grams silver.

In September 2022, we commenced the phase 2 drilling at the Project which was designed to further test the resource. Unfortunately, the results of the drilling did not meet our expectations. However, we did gain important data from phase 2 and the first drill hole intersected a ~10m wide zone of sulphide-bearing alteration, which is visually consistent with the previously reported mineralised gold-silver-zinc-bearing zone at Coffey.

During the period our exploration plans continued to be supported by our shareholders, and we raised £696,000 in October 2022, followed by an additional £212,000 in November 2022. These raises provide funding to improve our understanding of the exploration model for Coffey and the licence area more generally.

However, given the risks associated with exploration and the high costs of drilling in Western Australia, we are spending the funds prudently and do not believe it appropriate to continue drilling without mitigating as much exploration risk as possible. Consequently we are now working methodically through the geological data and moving more slowly than previously anticipated.

In line with this revised strategy, post period our team has been collaborating closely with the on-site personnel at Kathleen Valley and expert consultants to analyse and interpret the data gathered from our drilling operations. We are currently evaluating the risk and reward of drilling further at depth and reviewing additional targets on the licence area.

Outlook

Kathleen Valley is surrounded by a number of mining success stories, including Liontown Resources, which is developing a lithium project scheduled for production in 2024 (2km to the north), gold producing Wiluna Mining (~60km to the north), BHP's Mount Keith nickel mine (~20km to the north), and Kathleen Valley Gold (to the north), which extracted 65,900 oz gold over an 18-month period.

As mentioned above we are now evaluating the geological data and refining our exploration model. Once we have worked through the options and the budget available to us, Mila will update the market with its next programme at the Project. Whilst we are moving slower than anticipated, we are also mindful that equity markets are currently difficult for junior explorers and accessing capital for expensive drilling programmes cannot be taken for granted.

Finally, on behalf of the whole Mila team, I would like to thank our shareholders for their continued support, and I look forward to sharing more news in the coming weeks as our exploration plans are finalised.

Finance and Corporate

Results

The interim results for the six months to 31 December 2022 show a loss of £205,404 (2021: £760,806).

Fund Raise

In October / November 2022, the Company announced that it had raised £907,999 (before expenses) through a Placing of 30,266,651 New Ordinary Shares of GBP0.01 each ("Placing Shares") at a price of 3 pence per Placing Share (the "Placing"). Investors in the Placing will also receive one warrant per Placing Share to subscribe for one new ordinary share at a cost of 4.8p per share ("Investor Warrants"). The Company has also issued 717,331 broker warrants that are exercisable at 3p for a period of 3 years ("Broker Warrants"). The Investor Warrants and Broker Warrants are conditional on the publication of the Prospectus by the Company.

Cash Position

At 31 December 2022, cash and cash equivalents amounted to £832,275 (2021: £2,516,043).

Directors

The following Directors have held office during the period:

Mark Stephenson

Lee Daniels

Neil Hutchison

Lindsay Mair

Corporate Governance

The UK Corporate Governance Code (September 2014) ("the Code"), as appended to the Listing Rules, sets out the Principles of Good Corporate Governance and Code Provisions which are applicable to listed

companies incorporated in the United Kingdom. As a standard listed company, the Company is not subject to the Code, but the Board recognises the value of applying the principles of the Code where appropriate and proportionate and has endeavoured to do so where practicable.

On behalf of the board

Mark Stephenson

Director

31 March 2023

MILA RESOURCES PLC
Interim Statement of Comprehensive Income (Unaudited)
For the six months ended 31 December 2022

	Notes	Six months ended 31 December 2022 Unaudited £	Six months ended 31 December 2021 Unaudited £	Year ended 30 June 2022 Audited £
Administrative expenses		(205,404)	(267,574)	(518,213)
Share warrant and options expense	3	-	(493,232)	(493,232)
Operating loss		(205,404)	(760,806)	(1,011,445)
Other revenue		-	-	-
Interest receivable		-	-	--
Loss on ordinary activities before taxation		(205,404)	(760,806)	(1,011,445)
Income tax expense	4	-	-	-
Loss for the period		(205,404)	(760,806)	(1,011,445)
Other comprehensive income / (loss)		-	-	-
Total comprehensive income for the period attributable to equity holders		(205,404)	(760,806)	(1,011,445)
Earnings per share (basic and diluted) attributable to equity holders (p)	5	(0.07)	(1.42)	(0.52)

The income statement has been prepared on the basis that all operations are continuing operations.

MILA RESOURCES PLC
Interim Statement of Financial Position (Unaudited)
As at 31 December 2022

	Notes	At 31 December 2022 Unaudited £	At 31 December 2021 Unaudited £	At 30 June 2022 Audited £
ASSETS				
Non-current assets				
Exploration and evaluation assets	6	5,535,102	3,459,356	4,698,625
		<u>5,535,102</u>	<u>3,459,356</u>	<u>4,698,625</u>
Current assets				
Trade and other receivables		33,925	5,293	22,568
Cash at bank and in hand		832,275	2,516,043	1,096,084
		<u>866,200</u>	<u>2,521,336</u>	<u>1,118,652</u>
Total assets		<u>6,401,302</u>	<u>5,980,692</u>	<u>5,817,277</u>
LIABILITIES				
Current liabilities				
Trade and other payables		180,766	134,096	210,760
Convertible loan notes		-	-	-
		<u>180,766</u>	<u>134,096</u>	<u>210,760</u>
Total liabilities		<u>180,766</u>	<u>134,096</u>	<u>210,760</u>
Net assets		<u>6,220,536</u>	<u>5,846,596</u>	<u>(5,606,517)</u>
EQUITY				
Share capital	7	3,368,177	3,063,311	3,065,511
Share premium	7	4,784,603	4,259,486	4,267,846
Share based payment reserve		543,813	543,813	543,813
Retained losses		(2,476,057)	(2,020,014)	(2,270,653)
Shareholders' equity		<u>6,220,536</u>	<u>5,846,596</u>	<u>(5,606,517)</u>

MILA RESOURCES PLC
Statements of changes in equity (Unaudited)
For the six months ended 31 December 2022

	Share Capital £	Share Premium Account £	Share Based Payment Reserve £	Retained Loss £	TOTAL £
Balance at 30 June 2021	232,000	849,300	4,720	(1,259,208)	(173,188)
Total comprehensive income for the period	-	-	-	(1,011,445)	(1,011,445)
Capital Raising - Issue of shares	1,458,333	2,041,667	-	-	3,500,000
Capital Raising - Issue of shares in lieu of fees	59,792	83,708	-	-	143,500
Capital Raising - Issue Costs	-	(221,135)	-	-	(221,135)
Acquisition of Kathleen Valley	835,432	1,169,605	-	-	2,005,037
Conversion of Convertible Loan Notes	477,754	382,203	-	-	859,957
Conversion of warrants	2,200	8,360	-	-	10,560
Share warrants and options expense	-	(45,861)	539,093	-	493,232
Balance at 30 June 2022	3,065,511	4,267,846	543,813	(2,270,653)	5,606,517
Total comprehensive income for the period	-	-	-	(205,404)	(205,404)
Capital Raising - Issue of shares	302,666	605,333	-	-	907,999
Capital Raising - Issue Costs	-	(88,576)	-	-	(88,576)
Balance at 31 Dec 2022	3,368,177	4,784,603	543,813	(2,476,057)	6,220,536

MILA RESOURCES PLC
Statement of cash flow (Unaudited)
For the six months ended 31 December 2022

	Six months to 31 December 2022 £	Six months to 31 December 2021 £	12 months to 30 June 2022 £
Cash flows from operating activities			
Loss for the period	(205,404)	(760,806)	(1,011,445)
<i>Adjustments for:</i>			
Warrants / Options expense (non-cash)	-	493,232	493,232
Costs settled by the payment of shares	-	143,500	-
Operating cashflow before working capital movements	(205,404)	(124,074)	(518,213)
Decrease / (Increase) in trade and other receivables	(11,357)	18,892	1,616
(Decrease) / Increase in trade and other payables	(29,994)	(44,213)	4,427
Shares issued for services	-	-	30,000
Interest income	-	-	-
Interest expense	-	3,801	3,801
Net cash flow from operating activities	(246,755)	(145,594)	(478,369)
Cash flow from investing activities			
Acquisition of Kathleen Valley	-	(300,000)	(300,000)
Acquisition costs	-	(336,732)	(336,732)
Funds used for drilling and exploration	(836,477)	(310,124)	(1,408,108)
Net cash (outflow) / inflow from investing activities	(836,477)	(946,856)	(2,044,840)
Cash flow from financing activities			
Proceeds from share issues	863,839	3,500,000	3,358,740
Issue costs paid in cash	(44,416)	(221,135)	(69,075)
Net cash inflow from financing activities	819,423	3,278,865	3,289,665
Net Increase in cash and cash equivalents	(263,809)	2,186,415	766,456
Cash and cash equivalents at beginning of the period	1,096,084	329,628	329,628
Cash and cash equivalents at end of the period	832,275	2,516,043	1,096,084

MILA RESOURCES PLC
Notes to the financial statements
For the six months ended 31 December 2022

1 General information

Mila Resources Plc (the “Company”) was listed on the London Stock Exchange in 2016 with a view to acquiring projects in the natural resources sector that had a significant innate value that could be unlocked without excessive capital. In November 2021, the Company acquired an interest in a gold exploration project in Western Australia.

The Company is domiciled in the United Kingdom and incorporated and registered in England and Wales, with registration number 09620350.

The Company’s registered office is 65 Gresham Street London, EC2V 7NQ.

2 Accounting policies

The principal accounting policies applied in preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

Basis of preparation

The interim unaudited financial statements for the period ended 31 December 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. This interim financial information is not the Company’s statutory financial statements and should be read in conjunction with the annual financial statements for the period ended 30 June 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been delivered to the Registrars of Companies. The auditors have reported on those accounts; their report was unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

The interim financial information for the six months ended 31 December 2022 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period.

The Directors have made an assessment of the Company’s ability to continue as a going concern and the interim report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Company, therefore, continues to adopt the going concern basis in preparing its consolidated financial statements.

The financial information of the Company is presented in British Pounds Sterling (£).

Critical accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, the resulting accounting estimates will, by definition, seldom equal related actual results.

In preparing the interim financial information, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty. New accounting policies adopted in the period are listed below.

Intangible assets – Exploration and evaluation expenditures (E&E) Development expenditure

Expenditure on the construction, installation and completion of infrastructure facilities including service, is capitalized initially within intangible fixed assets and when the asset has formally commenced commercial production, then it is transferred to property, plant and equipment and is depreciated from the commencement of production as described in the accounting policy for property, plant and equipment.

Drilling costs and intangible licenses

The Company applies the successful efforts method of accounting, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Statement of Comprehensive Income.

Expenditure incurred on the acquisition of a licence interest is initially capitalised within intangible assets on a licence by licence basis. Costs are held, unamortised, until such time as the exploration phase of the field area is complete or commercial reserves have been discovered. The cost of the licence is subsequently transferred into property, plant and equipment and depreciated over its estimated useful economic life.

Exploration expenditure incurred in the process of determining exploration targets is capitalised initially within intangible assets as drilling costs. Drilling costs are initially capitalised on a licence by licence basis until the success or otherwise has been established. Drilling costs are written off unless the results indicate that reserves exist and there is a reasonable prospect that these reserves are commercially viable. Drilling costs are subsequently transferred into 'Drilling expenditure' within property, plant and equipment and depreciated over their estimated useful economic life.

Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. This includes consideration of the IFRS 6 impairment indicators for any intangible exploration and evaluation expenditure capitalised as intangible assets. Examples of indicators of impairment include whether:

- (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Any impairment identified is recorded in the statement of comprehensive income

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3 Share-based payments

The Company records charges for share-based payments.

For warrant-based or option-based share-based payments, to determine the value of the warrants or options, management estimate certain factors used in the Black Scholes Pricing Model, including volatility, vesting date exercise date of the warrants or option and the number likely to vest. At each reporting date during the vesting period management estimate the number of shares that will vest after considering the vesting criteria. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in reserves.

4 Income tax expense

No tax is applicable to the Company for the six months ended 31 December 2022. No deferred income tax asset has been recognised in respect of the losses carried forward, due to the uncertainty as to whether the Company will generate sufficient future profits in the foreseeable future to prudently justify this.

5 Earnings per share

Basic earnings per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The diluted profit per share is the same as the basic profit per share because; all warrants and options in issue were out of the money at 31 December 2022, the Company reported a loss, hence including the additional dilution would have resulted in a reduction of the loss per share.

	Earnings £	Weighted average number of shares unit	Per-share amount pence
Loss per share attributed to ordinary shareholders	(205,404)	312,545,939	(0.07)p

6 Exploration and evaluation assets

	At 31 December 2022 Unaudited £	At 31 December 2021 Unaudited £	At 30 June 2022 Audited £
Cost			
Opening balance	4,698,625	-	-
Cost of acquisition including transaction costs	-	3,149,232	3,290,517
Exploration costs capitalised in the period	836,477	310,124	1,408,108
Net book value	<u>5,535,102</u>	<u>3,459,356</u>	<u>4,698,625</u>

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In November 2021, the Company acquired a 30% interest in the Kathleen Valley (Gold) Project. The principal assets are leases with rights to exploration in Western Australia. At the period end the capitalised exploration and evaluation assets totalled £5.5m (31 December 2020: £3.5m) and all such costs capitalised related to exploration and evaluation activities conducted in relation to the Kathleen Valley Project.

Exploration and evaluation assets are regularly reviewed for indicators of impairment. If an indicator of impairment is found an impairment test is required, where the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. The Directors are satisfied that no impairments are required for the current period.

7 Share capital

	Number of shares In issue	Share capital £	Share premium £	Total £
Balance at 30 June 2022	306,551,057	3,065,511	4,267,846	7,333,357
Capital Raise	30,266,651	302,666	605,333	907,999
Issue Costs	-	-	(88,576)	(88,576)
Balance at 31 December 2022	336,817,708	3,368,177	4,784,603	8,152,780

On 6 October, the Company raised £696,000 (before expenses) through a Placing of 23,199,984 New Ordinary Shares of GBP0.01 each at a price of 3 pence per Placing Share. Investors in the Placing will also receive one warrant per Placing Share to subscribe for one new ordinary share at a cost of 4.8p per share ("Investor Warrants"). The Company has also committed to issue 524,000 broker warrants that are exercisable at 3p for a period of 3 years ("Broker Warrants"). The Investor Warrants and Broker Warrants are conditional on the publication of the Prospectus by the Company and will be issued at that time.

On 8 November, the Company raised an additional £212,000 (before expenses) through a top-up placing to that announced on the 6 October. The additional placing was for 7,066,667 New Ordinary Shares of 1 pence each at a placing price of 3 pence per Placing Share. As per the 6 October placing the Investors will also receive one warrant per Placing Share to subscribe for one new ordinary share at an exercise price of 4.8 pence per share for 3 years from the date of admission. The Company has also issued 253,321 broker warrants that are exercisable at the Placing Price for a period of 3 years from admission ("Broker Warrants"). Again, the Investor Warrants and Broker Warrants are conditional on the publication of the Prospectus by the Company and will be issued at that time.

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Notes to the financial statements
For the six months ended 31 December 2022

As at 31 December, 2022 the Company also has the following options and warrants:

Issued	Exercisable from	Expiry Date	Number outstanding	Exercise price
Warrants - 22 November 2021 ⁽¹⁾	22 November 2021	31 December 2026	193,388,694	4.8 pence
Warrants - 22 November 2021 ⁽¹⁾	22 November 2021	31 December 2026	48,655,417	2.4 pence
			<u>253,469,111</u>	

1. On 22 November 2021, the Company granted 242,264,111 warrants, on the above terms and set out in the Prospectus dated 29 October 2021 to shareholders, directors, brokers and certain advisors.

Issued	Exercisable from	Expiry Date	Number outstanding	Exercise price
Options - 10 December 2021 ⁽²⁾	10 December 2021	10 December 2026	6,000,000	2.4 pence
			<u>6,000,000</u>	

2. Issued under the Company's EMI Scheme established on 10 December 2021, as set out in the Prospectus dated 29 October 2021.

8. Subsequent events

There are no subsequent events.